

preference voyages, Brookville, as well as other dry bulk ODS contractors, voluntarily agreed—at the Maritime Administration's request—to forego subsidy on these preference voyages.

Brookville states that consequently, Contract MA/MSB-272 has been underused, with only 432.9 subsidy days used in the aggregate in 1989, 1990, and 1991 and no subsidy paid at all during 1992, 1993, and 1994. Brookville also points out that Contract MA/MSB-166(a) was similarly underused, with only 156.6 days of subsidy used in the aggregate during 1989 and 1990 and no subsidy paid during 1991, 1992, 1993, and 1994. Overall, 589.5 subsidy days (includes reduced crew days) were used and 3,638 subsidy days were unused from 1989 to 1994. Brookville states that during this period, the government has had the benefit of substantially reduced subsidy payments to Brookville.

According to Brookville, in the last two years the Liberty vessels' traditional market—food aid transportation—has shrunk because of budget cuts. In addition, funding for the P.L. 480—Food for Peace and section 416 programs has declined from \$2.3 billion in fiscal year 1993 to \$1.3 billion in fiscal year 1995, with tonnage declining from 7.9 million metric tons to 3.7 million metric tons. Brookville indicates that under the President's fiscal year 1996 budget, food aid spending will decline further to about \$1.0 billion, which would generate only about 2.7 million metric tons in exports.

Brookville emphasizes that past spending decreases and proposed decreases for fiscal year 1996 disproportionately affect bulk operators because the cuts have been largely applied to bulk-oriented Titles I and III of Public Law 480 and section 416, as opposed to liner-oriented Title II. Tonnage under Titles I and III and section 416 has declined from 5.8 million metric tons in fiscal year 1993 to a projected 850,000 metric tons in fiscal year 1996. Brookville states that since a Liberty dry bulk carrier, when fully used, can transport 300,000 metric tons of this 850,000 metric ton cargo level per year (based on six voyages with a 50,000 ton cargo), it is evident that the food aid program (even with Israeli Side Letter cargoes) can no longer support the entire existing U.S.-flag bulk fleet.

Brookville advises that as a result, Liberty's vessels increasingly have operated in the foreign commercial trade. In 1995, Liberty vessels so far have used 279 of 365 available subsidy days under Contract MA/MSB-272. (This includes 63 days used by the

LIBERTY BELLE, which was scrapped in June 1995.) According to Brookville, although the Liberty vessels are well regarded in the foreign commercial market and have operated successfully, their operating cost structure (resulting from U.S. citizen crews and compliance with U.S. tax, environmental, safety and other requirements) renders them uncompetitive without subsidy.

Brookville states that traditionally, there are very few food aid cargoes shipped between January and March and because of the severe cutbacks in the food aid budget, very little preference activity is expected during the first six months of 1996. Brookville also states that unless the Board extends Brookville's ODS contract to give it the operational flexibility Brookville requests, Liberty will have no choice but to lay up the vessels pending MARAD's approval of a request to re-flag some or all of the Liberty vessels so that they may compete in the foreign market with vessels not subject to costly U.S. laws and regulations. Brookville states that if the Liberty vessels are re-flagged, the American merchant marine will have lost as many as five of its best vessels and their skilled crews—which are always available in an national emergency.

Additionally, Brookville states that if the Board fails to grant Brookville's request, the government's cargo preference costs will also be higher. The Liberty vessels have historically offered the lowest U.S.-flag rates for relatively large cargo lot sizes. According to Brookville, if the Liberty vessels are re-flagged, government cargo preference costs will increase, offsetting at least in part the subsidies Brookville is requesting by this letter.

Brookville states that the Board has ample legal authority to grant Brookville's request, citing *Seatrains Shipbuilding Corp. v. Shell Oil Co.*, 444 U.S. 572 (1980). According to Brookville, the Board can enter into a new contract that permits full use of the unused days over a five-year period; alternatively, the Board can modify contracts after they are concluded.

Brookville believes that by extending the ODS contracts, the Board will also address an injustice in the ODS program. The standard ODS contract is set for 20 years, to coincide with the life of a tanker. However, as the Act recognizes, dry bulk carriers have a useful life of 25 years. According to Brookville, in essence, the program favors tankers by awarding contracts for their entire useful life, while disadvantaging dry bulk carriers by awarding contracts for only 80 percent of theirs.

Brookville also notes that by granting this application, the Maritime Administration will not be affecting the Administration's proposed liner reform legislation, under which dry bulk carriers would be ineligible for assistance.

This application may be inspected in the Office of the Secretary, Maritime Administration. Any person, firm, or corporation having any interest in such request and desiring to submit comments concerning the application must file written comments in triplicate with the Secretary, Maritime Administration, Room 7210, Nassif Building, 400 Seventh Street SW., Washington, D.C. 20590. Comments must be received no later than 5 p.m. on November 1, 1995. This notice is published as a matter of discretion and publication should in no way be considered a favorable or unfavorable decision on the application, as filed or as may be amended. The Maritime Subsidy Board will consider any comments submitted and take such action with respect thereto as may be deemed appropriate.

(Catalog of Federal Domestic Assistance Program No. 20.805 (Operating-Differential Subsidies)).

By Order of the Maritime Subsidy Board.

Dated: October 13, 1995.

Joel C. Richard,

Secretary.

[FR Doc. 95-25920 Filed 10-18-95; 8:45 am]

BILLING CODE 4910-81-P

## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### Tax on Certain Imported Substances (Methyl methacrylate); Notice of Determination

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Notice.

**SUMMARY:** This notice announces a determination, under Notice 89-61, that the list of taxable substances in section 4672(a)(3) will be modified to include methyl methacrylate.

**EFFECTIVE DATE:** This modification is effective October 1, 1995.

**FOR FURTHER INFORMATION CONTACT:** Ruth Hoffman, Office of Assistant Chief Counsel (Passthroughs and Special Industries), (202) 622-3130 (not a toll-free number).

**SUPPLEMENTARY INFORMATION:****Background**

Under section 4672(a), an importer or exporter of any substance may request that the Secretary determine whether that substance should be listed as a taxable substance. The Secretary shall add the substance to the list of taxable substances in section 4672(a)(3) if the Secretary determines that taxable chemicals constitute more than 50 percent of the weight, or more than 50 percent of the value, of the materials used to produce the substance. This determination is to be made on the basis of the predominant method of production. Notice 89-61, 1989-1 C.B. 717, sets forth the rules relating to the determination process.

**Determination**

On October 12, 1995, the Secretary determined that methyl methacrylate should be added to the list of taxable substances in section 4672(a)(3), effective October 1, 1995.

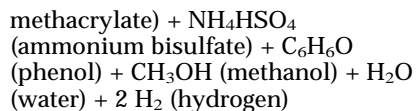
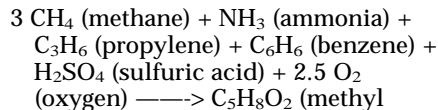
The rate of tax prescribed for methyl methacrylate, under section 4671(b)(3), is \$10.12 per ton. This is based upon a conversion factor for methane of 0.47, a conversion factor for ammonia of 0.22, a conversion factor for propylene of 0.6, a conversion factor for benzene of 0.94, and a conversion factor for sulfuric acid of 1.63.

The petitioner is Rohm and Haas Texas, Inc., a manufacturer and exporter of this substance. No material comments were received on this petition. The following information is the basis for the determination.

HTS number: 2916.14.00.20  
CAS number: 80-62-6

Methyl methacrylate is derived from the taxable chemicals methane, ammonia, propylene, benzene, and sulfuric acid and is a liquid produced predominantly by the catalytic reaction of acetone cyanohydrin and methyl alcohol. The methyl methacrylate is then purified by distillation.

The stoichiometric material consumption formula for this substance is:



Methyl methacrylate has been determined to be a taxable substance because a review of its stoichiometric material consumption formula shows that, based on the predominant method of production, taxable chemicals constitute 77.9 percent by weight of the materials used in its production.

Dale D. Goode,

*Federal Register Liaison Officer, Assistant Chief Counsel (Corporate).*

[FR Doc. 95-25870 Filed 10-18-95; 8:45 am]

BILLING CODE 4830-01-U

### **Tax on Certain Imported Substances (Poly 1,4 butyleneterephthalate); Notice of Determination**

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Notice.

**SUMMARY:** This notice announces a determination, under Notice 89-61, that the list of taxable substances in section 4672(a)(3) will be modified to include poly 1,4 butyleneterephthalate.

**EFFECTIVE DATE:** This modification is effective April 1, 1991.

**FOR FURTHER INFORMATION CONTACT:** Ruth Hoffman, Office of Assistant Chief Counsel (Passthroughs and Special Industries), (202) 622-3130 (not a toll-free number).

**SUPPLEMENTARY INFORMATION:****Background**

Under section 4672(a), an importer or exporter of any substance may request that the Secretary determine whether that substance should be listed as a taxable substance. The Secretary shall add the substance to the list of taxable substances in section 4672(a)(3) if the Secretary determines that taxable chemicals constitute more than 50 percent of the weight, or more than 50 percent of the value, of the materials used to produce the substance. This determination is to be made on the basis of the predominant method of production. Notice 89-61, 1989-1 C.B. 717, sets forth the rules relating to the determination process.

**Determination**

On October 12, 1995, the Secretary determined that poly 1,4 butyleneterephthalate should be added to the list of taxable substances in section 4672(a)(3), effective April 1, 1995.

The rate of tax prescribed for poly 1,4 butyleneterephthalate, under section 4671(b)(3), is \$3.92 per ton. This is based upon a conversion factor for acetylene of 0.1186, a conversion factor for methane of 0.2920, and a conversion factor for xylene of 0.4816.

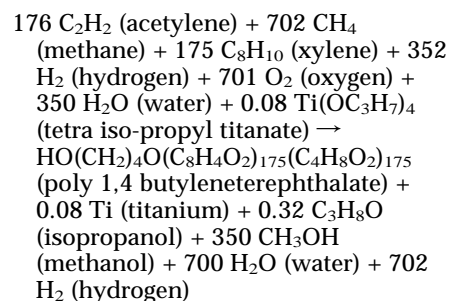
The petitioner is GE Plastics, a manufacturer and exporter of this substance. No material comments were received on this petition. The following information is the basis for the determination.

HTS number: 3907.91.00

CAS number: 26062-94-2

Poly 1,4 butyleneterephthalate is derived from the taxable chemicals acetylene, methane, and xylene and is a solid produced predominantly by the melt polycondensation process.

The stoichiometric material consumption formula for this substance is:



Poly 1,4 butyleneterephthalate has been determined to be a taxable substance because a review of its stoichiometric material consumption formula shows that, based on the predominant method of production, taxable chemicals constitute 53.8 percent by weight of the materials used in its production.

Dale D. Goode,

*Federal Register Liaison Officer, Assistant Chief Counsel (Corporate).*

[FR Doc. 95-25869 Filed 10-18-95; 8:45 am]

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